MINUTES
AUDIT COMMITTEE
MAY 11, 2009

City Hall, Third Floor,
Economic Development
Conference Room
3:00 P.M.
STOCKTON, CALIFORNIA

ROLL CALL 3:07 PM

The following City staff and members of the public were in attendance:

Mike Taylor, City Auditor
Mark Moses, Chief Financial Officer
Cathy Lucas, Accounting Manager
Gary Dickson, Public Works
Barbara Berlin, Community Development
Russell Robertson, Macias, Gini & O'Connell
Kevin Starkey, Macias, Gini & O'Connell
Joan Southwick, Secretary (Recorder)

PUBLIC COMMENT 3:07 PM

None.

COMMITTEE RECOMMENDATION 3:05 PM

None/information only

ISSUE(S) TO BE DISCUSSED: 3:08 PM

1. Presentation of Macias, Gini & O'Connell's audit plan for year ending June 30, 2009 3:09 PM

Kevin Starkey, Director, Macias, Gini & O'Connell, reviewed the following two documents:

"Communication with Those Charged with Governance" dated 2009-05-11 (filed):
   I. Purpose;
   II. Auditor's Responsibilities Under Generally Accepted Auditing Standards;
   III. Auditor's Responsibility with Respect to Other Information Included in the CAFR;
   IV. Planned Scope and Time of the Audit;
   V. Other Matters.
- Understanding of services;
- Required supplementary information (RSI);
- Supplemental information other than RSI;
- Additional information accompanying the basic financial statements;
- Audit objectives;
- Management responsibilities;
- Audit procedures-general;
- Audit procedures-internal controls;
- Audit procedures-compliance;
- Independence;
- Audit administration and other.

Mr. Starkey reported there is a new accounting standard the City will have to implement this year revolving around pollution and remediation liabilities.

**Chair Kathy Miller**

Chair Kathy Miller inquired why the year end filed work was pushed back.

**Mark Moses**

Mr. Moses responded:
- The City has lost two Accounting staff;
- Overtime cannot be relied on as in the past;
- Accounting is losing an additional staff member this year;
- Administrative Services is developing a new structure for the department;

Mr. Moses shared last year's findings will be discussed in terms of progress, where we have questions and will provide a report at the June Audit Committee meeting.

**Mike Taylor**

Mr. Taylor stated the Audit Department will present the City's 09-10 audit plan next month and invited input from the committee, management and Macias, Gini & O'Connell.

**Mark Moses**

Mr. Moses provided a follow up from the May 2009 meeting that Mr. Beckman was provided the requested information and the issue is closed.

ADJOURNMENT-3:30 P.M.
AUDIT COMMITTEE

Vice Mayor Kathy Miller (Chair)

Councilmember Dale Fritch (Vice Chair)

Councilmember Leslie Martin (Member)